



MERCK FROSST

Discovering today
for a better tomorrow.



“Two minutes with Dawn Graham”

1. How would you describe your personality?

Driven and compassionate.

2. What's the one thing you've done that you'd never want to do again?

Travel to Asia every two weeks!

3. Who would you get to play you in a movie about your life?

Meryl Streep.

4. What is your favourite wine?

Brunellos.

5. Is there anything you won't eat?

Coconut.

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Talking with Dawn Graham, President of Merck Frosst Canada Ltd.

Please review your career path to date, leading to your appointment as President of Merck Frosst Canada Ltd. in 2006.

I was born in Montreal and I hold a Bachelor of Arts degree in English and French Literature from Carleton University. I have been fortunate to be part of the pharmaceutical industry for more than 25 years.

Prior to joining Merck Frosst in 1988, I spent five years as a Sales Representative and over a span of 20 years have held a number of positions of increasing responsibility at Merck Frosst in the areas of Sales, Marketing, Government Relations and Public Affairs. I was a member of the Executive Operating Committee of Merck Frosst from 2000 to 2004 as Head of Corporate Affairs and subsequently as Head of Sales.

In 2004, I transferred to the Global Headquarters of Merck & Co. Inc. in Whitehouse Station, New Jersey as Vice-President, Worldwide Marketing for the Arthritis, Analgesia and Osteoporosis franchises. In November of 2005, I was appointed to the position of Vice-President, Asia Pacific for Merck & Co. Inc. until I came back to Canada as President, Merck Frosst Canada Ltd. in September 2006.

Please give us a brief overview of Merck Frosst's history as a corporate entity.

When Charles E. Frosst & Co. was founded in 1899, the Canadian pharmaceutical industry was still in its infancy. Right from the start, Frosst and his four associates made it clear that their company was an innovator, rapidly introducing new products, such as the famous numbered analgesics known as 217 and 222. During the 1920s, the company became family-owned and, as it grew, it consolidated its reputation for innovation. During the mid-forties, Charles E. Frosst pioneered nuclear medicine in Canada by

developing the country's first radioactive pharmaceutical products for sale here and abroad. In 1965, Charles E. Frosst & Co. joined another venerable pharmaceutical dynasty, Merck & Co. Inc., of New Jersey.

The union of the two companies was logical: Merck had a branch in Montreal dating back to 1911, at first as an importer and seller of pharmaceuticals and fine chemicals and, by 1930, as a manufacturer. Merck was producing Vitamin B1 in 1940 and penicillin in the Commonwealth's first deep fermentation unit by 1944. Innovations followed at a rapid pace. The company's pursuit of vitamin research led to discoveries in sulfa drugs, penicillins and corticosteroids. The company is currently known as Merck Frosst Canada Ltd.

Headquartered in Montreal, Merck Frosst is now one of Canada's leading research-based pharmaceutical companies. The company employs 1,432 people, including 300 of the world's leading scientific personnel.

What are some of the major similarities and differences between your previous responsibilities in the US and your present responsibilities in Canada?

During my international assignments, I visited and worked with Merck subsidiaries all around the globe and witnessed a diversity of market conditions. For example in China, the representatives visit their physicians once a week, as this is expected by their customers because it is a sign of respect. So if you do not see your customers once a week in China, they may become insulted and can then refuse to see you for a few



Paul Tawa, Research Biologist, is one of nearly 300 scientists working at Merck Frosst.

"Two minutes with Dawn Graham"

6. What is the last book you read?
The Bookseller of Kabul, by Asne Seierstad, a book describing the plight of women in Afghanistan.
7. What would be your ideal vacation?
The beach with my husband!
8. What's your favourite movie/ TV show?
La Femme Nikita.
9. What's the best advice you've ever been given?
Everything in moderation.
10. If you could spend the day with anyone (dead or alive), who would you choose and why?
My father. He is my role model.
11. What is your favourite sport to play or watch?
Golf.



France Landry, Research Chemist, works with robots in the analytical chemistry laboratory.

months just to teach you a lesson! However, in spite of very different market conditions and a variety of ways that Merck approaches the business in all of these countries, there is one thing that just does not change no matter where you are in the world and that is: if you understand your customers, build trusting relationships with them and bring value to them in every interaction you have—you will succeed.

What are your key business priorities and objectives at Merck Frosst?

We are focusing on the local implementation of our global strategy called “Plan to Win.” This means that we are making changes which enable our organization to get closer to all our customers and to communicate with a consistent voice. The Plan to Win will also put in place mechanisms to improve collaboration between commercialization, research and manufacturing. On the business side, we must work hard to ensure that young Canadian women receive our breakthrough vaccine Gardasil® for the prevention of cervical cancer and genital warts. We

have also recently launched Januvia™, a new option for patients with diabetes, as well as Isentress™, an integrase inhibitor which improves the lives of patients with HIV/AIDS. Of course, we will also continue to ensure that stakeholders understand the value of pharmaceuticals and that Canada has the right environment to continue to attract R&D investments.

Gardasil® was launched in Canada in 2006. Has Gardasil® become successful in all markets? To what do you attribute its success?

Gardasil® became available in Canada in the summer of 2006. By the fall of 2007, young and adolescent girls in four provinces (Newfoundland and Labrador, Prince Edward Island, Nova Scotia and Ontario) were being vaccinated against HPV-related diseases—including genital warts and cervical, vulvar and vaginal cancers—through government-supported, school-based vaccination programs. Including Canada, Gardasil® is presently approved for sale in 94 countries with over 20 million doses distributed thus far. Gardasil® is the first vaccine uniquely designed to help prevent the ravage caused by four strains of the HPV, including gynecological cancers, cervix cancer being the most widespread. I think it is clear that the value Gardasil® brings to the world is the reason for its success.

Can you please give us an idea of what other products are in your pipeline and when you expect to market these products?

Without disclosing proprietary information, I can tell you that Merck recently launched Janumet™ in the US, Merck's oral antihyperglycemic agent that combines sitagliptin with metformin in a single tablet. In the US, the FDA just approved the use of Emend™ for



Réjean Fortin, Senior Research Associate, develops leading-edge technology in Medicinal Chemistry.

injection, an intravenous therapy for chemotherapy-induced nausea and vomiting. The FDA is also reviewing Merck's New Drug Application (NDA) for Cordaptive™, the proposed trademark for MK-0524A, an extended-release niacin/laropirant investigational compound for the treatment of elevated LDL-C, low HDL-C and elevated triglyceride levels. Furthermore, the company anticipates filing two additional NDAs with the FDA in 2008 for MK-0524B, extended-release niacin with laropirant combined with simvastatin and MK-0364, taranabant, an investigational medication for the treatment of obesity.

Many pharmaceutical companies, including Merck Frosst, have established joint development and marketing agreements with other pharmaceutical companies. Do you foresee Merck Frosst getting involved in additional joint agreements in the future?

Merck Frosst Schering is a joint venture between Merck Frosst and Schering-Plough, responsible for the co-marketing of Ezetrol® in Canada. While I cannot comment on potential future examples in the area of marketing, it is clear that Merck is seeking alliances in the area of R&D where we have a long tradition of successful partnerships. Alliances with innovative partners are an integral and essential part of our long-term business and research strategy. Our goal is to work together with our partners to accelerate the successful development and commercialization of breakthrough products that can bring meaningful improvements to patients' lives.



Yves Bole, Research Associate in the Biochemistry department, works on developing new breakthrough drugs.

What are the major issues that impact your business in Canada?

Of course, patent expirations are part of life for an innovative company, but are never enjoyable when they occur. Our business model calls for new medicines to replace the older ones going off patent. The current highly unpredictable nature of the environment, in particular regulatory reviews and limited provincial reimbursement, has created issues for an industry with long timelines, such as ours. The constant challenges on patent protection are also detrimental to attracting R&D investments in our country. I would also mention the fact that our customers' needs are changing and the industry must find innovative ways to adapt.

Merck Frosst has enjoyed very impressive sales growth over the last several years, even with the loss of Vioxx®. What are your plans for the future to maintain this remarkable growth rate?

We need to focus to continue our growth in two regards: a solid pipeline which will bring many new products addressing medical needs and, of course, an integrated execution to communicate the value of our products to our customers and payers.

Your employees have voted Merck Frosst as being one of the best employers in Canada. What differentiates Merck Frosst from other employers?

I believe that the number one reason for our employee satisfaction is that we are all committed to the highest standards of ethics, integrity and excellence throughout the company. Our people feel good about this and are proud to work at Merck Frosst. For many years, Merck Frosst has put a special emphasis on diversity and work-life balance. In fact, last year we celebrated the 15th anniversary of our Mère Framboise daycare. Since its opening on June 1, 1992, more than 915 children who had a parent working at Merck Frosst have used these childcare and/or camp services. Five hundred and thirty-six Merck Frosst families have passed through the doors of Mère Framboise, giving their children the experience of daycare life.

With respect to diversity, maybe one of the best examples I can give you is in the representation of women in senior management whereby our Canadian Operating Committee is now almost equally comprised of women and men. Diversity of all types, gender, ethnicity, education and experience is simply good for business. **CPM**